Fortnightly Foodgrain Outlook

Issue No. 208 *11 August 2016*

HIGHLIGHTS

- **The domestic wholesale and retail rice prices increased over the last fortnight.**
- **The domestic wholesale prices of *atta* increased but retail prices remained unchanged over the last fortnight.**
- **Export price of rice in India, Thailand and Vietnam decreased but in Pakistan rice prices remained unchanged over the last fortnight**
- **Export prices of wheat in Russia and Ukraine increased but US SRW wheat prices decreased over the last fortnight.**
- **Global rice and wheat export forecast decreased than a year ago.**

SUMMARY

RICE PRICE

In the fortnight ending August 4th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.6% and 3.2% up to 29.50 Tk/kg and 32.00 Tk/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 5.1% up to 20.50 Tk/kg but the retail prices remained unchanged at 23.50 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending August 5th, Indian 5% parboiled, Thai 5% parboiled and Vietnam 15% white rice prices decreased by 0.5%, 5.9% and 2.4% down to 378 USD/MT, 411 USD/MT and 332 USD/MT respectively. But Pakistan 5% parboiled rice prices remained unchanged at 420 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending August 5th, Russian and Ukraine wheat prices increased by 3.4% and 4.0% up to 168 USD/MT and 169 USD/MT respectively, but US (SRW) wheat prices decreased by 5.9% down to 156 USD/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in July 2016/17 for global rice production is about 481 million MT and that of wheat is about 739 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in July 2016 at 40.51 million MT, which is 2.0% lower than that of a year earlier. World wheat export for 2016/17 is projected in July 2016 at 165.65 million MT, which is 1% lower than the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to August 4th, no rice was imported by the public sector but the private sector imported about 0.93 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to August 4th, no wheat was imported by the public sector while private sector imported about 351.40 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending August 4th, about 29.0 thousand MT food grains were distributed mainly through the EP, GR, OMS and LEI under the public food distribution system.

GOVERNMENT STOCK

As of August 4th, the public food grain stock stood at 885.53 thousand MT.

GOVERNMENT PROCUREMENT

Boro procurement has started on 5 May 2016. As of 4th August 2016 about 669.58 thousand MT *Boro* paddy and 1.53 thousand MT per boiled rice were procured.

1. Domestic price: coarse rice and *atta*

Figure: 1.Change in prices of Coarse Rice (Dhaka)

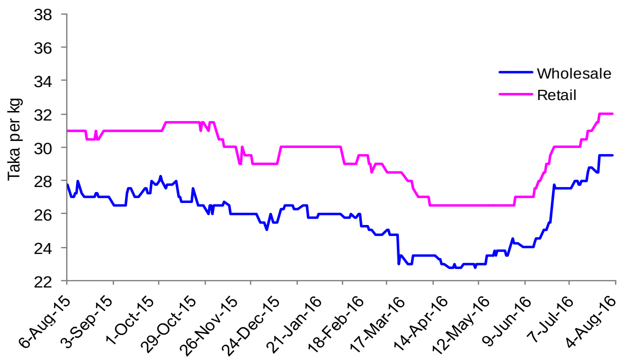
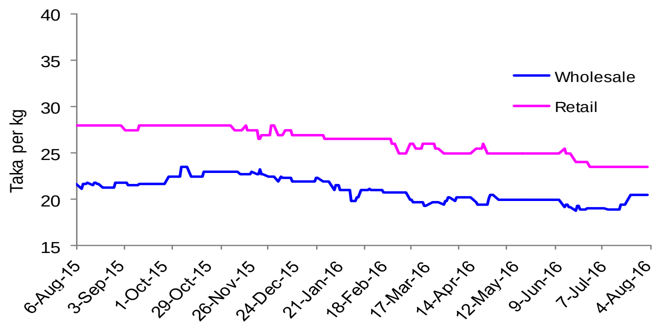


Figure: 2. Change in prices of *Atta* (Dhaka)



Source: Department of Agricultural Marketing (DAM)

Table: 1.Rice and *Atta* price changes (Dhaka city)

		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	32.00	3.2	6.7	2.9
wholesale	29.50	2.6	7.3	6.7
ATTA				
retail	23.50	0.0	0.0	-16.1
wholesale	20.50	5.1	7.9	-5.5

Source: DAM; Arrows indicate the direction of price change: red if a more than a 5% annual or 1% monthly/fortnightly rise, green if more than a 5% annual or a 1%monthly/fortnightly decrease; yellow otherwise, the yearly change is calculated fortnight to fortnight.

RICE

- In the fortnight ending August 4th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.6% and 3.2% up to 29.50 Tk/kg and 32.00 Tk/kg respectively. The wholesale price is 6.7% higher and the retail price also 2.9% higher than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 5.1% up to 20.50 Tk/kg but the retail prices remained unchanged at 23.50 Tk/kg. The wholesale and retail prices are now point to point 5.5% and 16.1% lower respectively than a year ago.

2. International price

Figure: 3.Rice wholesale price in Dhaka and Kolkata and FOB Prices in relevant international markets

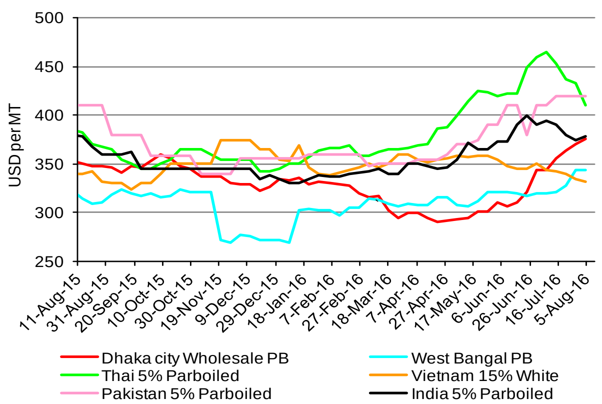
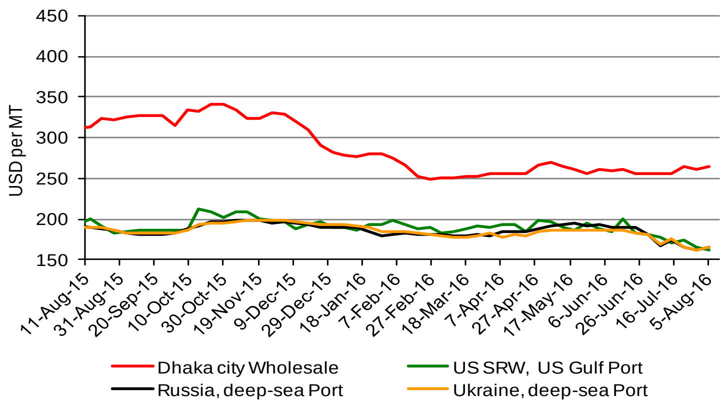


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



Source: For average weekly FOB prices: USDA, FAO, Jackson Sons& Co.(London) Lid and Agrimarket Weekly. For average wholesale prices: Department of Agriculture Marketing, Govt. of Bangladesh and Department of Consumer Affairs, Government of India

RICE

- In the fortnight ending August 5th, Indian 5% parboiled, Thai 5% parboiled and Vietnam 15% white rice prices decreased by 0.5%, 5.9% and 2.4% down to 378 USD/MT, 411 USD/MT and 332 USD/MT respectively. But Pakistan 5% parboiled rice prices remained unchanged at 420 USD/MT. West Bengal coarse rice prices increased by 5.1% up to 344 USD/MT. However, Dhaka city wholesale rice prices stood at 376 USD/MT (increased by 3.3%).

WHEAT

- In the fortnight ending August 5th, Russian and Ukraine wheat prices increased by 3.4% and 4.0% up to 168 USD/MT and 169 USD/MT respectively, but US (SRW) wheat prices decreased by 5.9% down to 156 USD/MT. On the same date, Dhaka city wholesale wheat prices stood at about 267.9 USD/MT (increased by 2.4%).

Table: 2.Chicago Board of Trade SRW Futures (USD/MT)

Closing price	MAY(K16)	JUL (N16)	SEP (U16)	DEC (Z16)	Mar (H17)
29-Jul	150	160	169	174	177
5-Aug	153	161	169	174	176
change	2.0%	2.0%	0.5%	-0.1%	-0.3%

Table: 3.Kansas Board of Trade HRW Futures (USD/MT)

change	JUL(N16)	SEP (U16)	DEC (Z16)	MAR (H17)	MAY (K17)
29-Jul	151	160	166	170	174
5-Aug	151	161	167	171	174
change	0.5%	6.7%	4.1%	2.6%	2.3%

Source: U.S. Wheat Associates Weekly Price Report, Conversion rates: 1USD/bu = 36.743 USD/MT

Supported by short-covering and growing concern about wheat quality in the European Union, wheat futures closed the week higher. CBOT wheat futures gained by 3 USD/MT on this week to closed at 153 USD/MT and KCBT wheat futures remain unchanged at 154 USD/MT (U.S. wheat Associates, August 4, 2016). (Table-2 & 3).

3. Global production and stock

Table: 4. Rice world production and stock (million MT)

	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	479	471	481	2.3%
Ending stocks	115	107	107	0.6%

Source: USDA, July, 2016.

RICE

Global rice production higher for 2016/17 is forecasted in July at 481 million MT (milled) up about 2.3% from a year earlier (USDA, July, 2016). The substantial recovery from the 2015/16 is primarily due to expanded area. At 161.2 million hectares, global rice area is up 2.7 million hectares from a year earlier, but still 0.6 million hectares below the 2013/14 record (USDA, July 2016).

- Global ending stocks for 2016/17 are forecasted in July at 107million MT, which is 0.6% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in July is projected to 739 million MT, up about 0.5% from a year earlier. Global production in 2016/17 is raised to a new record. Larger crops are projected in Algeria, Australia, Canada, Russia, Serbia, Ukraine and the United States (USDA, July, 2016).
- World wheat ending stocks for 2016/17 are forecasted in June at 254 million MT, which is 3.8% higher than a year earlier.

Table: 5. Wheat world Production and stock (million MT)

	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	728	735	739	0.5%
Ending stocks	217	245	254	3.8%

Source: USDA, July, 2016.

4. Global trade

Table: 6. Main rice annual exporters (million MT, milled)

	2014/15	2015/16	2014/15-2015/16 change	2016/17 projected	2015/16-2016/17 change
Thailand	9.78	9.80	0%	9.00	-8%
Vietnam	6.61	6.90	4%	7.00	1%
USA	3.47	3.45	-1%	3.65	6%
Pakistan	4.00	4.50	13%	4.25	-6%
India	11.05	9.00	-19%	8.50	-6%
Others	7.90	7.69	-3%	8.11	5%
World total	**42.80**	**41.34**	**-3%**	**40.51**	**-2.0%**

Table: 7.Main wheat annual exporters (million MT)

	2014/15	2015/16	2014/15-2015/16 change	2016/17 projected	2015/16-2016/17 change
USA	22.75	22.75	0%	25.00	10%
European Union	35.42	33.00	-7%	34.00	3%
Canada	24.88	22.20	-11%	20.00	-10%
Australia	16.58	16.20	-2%	17.50	8%
Ukraine	11.27	17.00	51%	12.50	-26%
Russia	22.80	25.00	10%	25.50	2%
Others	27.84	33.23	19%	33.15	0%
World total	**161.53**	**169.38**	**5%**	**167.65**	**-1%**

Source: (USDA, July, 2016).*rice and wheat; arrows indicate the Direction of export quantities Change: red if more than 10% change from previous year, yellow more than 5% and green less than 5% change. For rice, 2015/16 is calendar year 2016, 2016/17 is calendar year 2016 and so on.*

RICE

- Total calendar year 2016/17 global rice export is forecasted in July at 40.51 million MT, down 2.0% from a year earlier (USDA, July, 2016). Global rice trade in 2017 is projected at 40.5 million tons, virtually unchanged from the previous forecast but 2 percent below a year earlier. This will be the third consecutive year of declining global trade
- There were several nearly offsetting export revisions this month. First, Australia's 2017 export forecast was lowered 30,000 tons to 200,000 tons based on tighter supplies. Australia's 2017 exports are up slightly from a year earlier but are well below export levels from non-drought periods.
- Second, Egypt's 2017 export forecast was lowered 50,000 tons to 200,000 tons based on continuation of the current export ban. Egypt's 2017 exports are unchanged from the 2016 revised level, which are the lowest since 1993.

WHEAT

- Wheat export for 2016/17 is forecasted in July at 167.65 million MT, which is 1% lower than the previous years forecast (USDA, July, 2016).
- World wheat trade in 2016/17 (July-June international trade year) is boosted 2.2 million tons to 167.7 million this month, and is approaching last year's record. Record wheat trade for 2015/16 also got larger by 1.6 million tons this month to reach 169.4 million. The 2015/16 July-June trade year just ended, but data on the final months of trade are still unreported (USDA, July, 2016).

The larger crops and competitive prices from Ukraine and Russia are boosting their export prospects this month by 1.0 and 0.5 million tons, respectively, to 25.5 million and 12.5 million. Increased production prospects are also raising Argentine and Australian expected exports this month by 0.5 million tons each, to 9.0 and 17.5 million, respectively. Turkey is projected to export an additional 0.5 million tons of wheat.

5. Import

Figure: 5. Rice imports (in '000 MT)

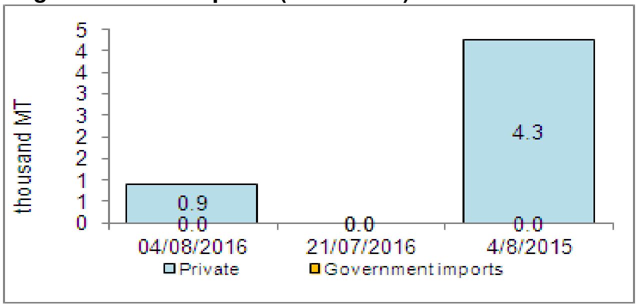
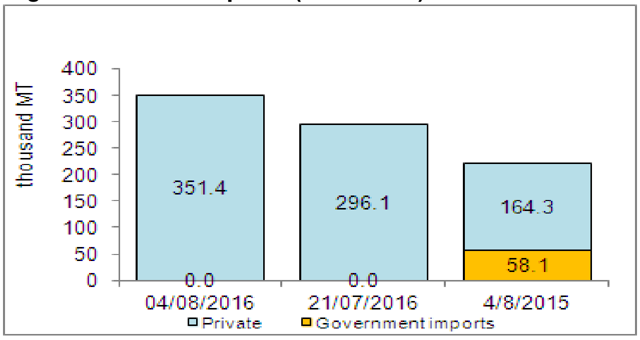


Figure: 6. Wheat imports (in '000 MT)



Source: MIS; Aid, if any, is included in Government imports

RICE

- As of August 4th, no rice was imported by the public sector but the private sector imported about 0.93 thousand MT of rice in this fiscal year. Over the same period of last year, no rice was imported by the public sector but the private sector imported about 4.27 thousand MT.

WHEAT

- Up to the fortnight ending August 4st, no wheat was imported by the public sector but about 351.40 thousand MT by private sector. Over the same period of last year, 58.12 thousand MT was imported by the public sector and the private sector imported about 164.34 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

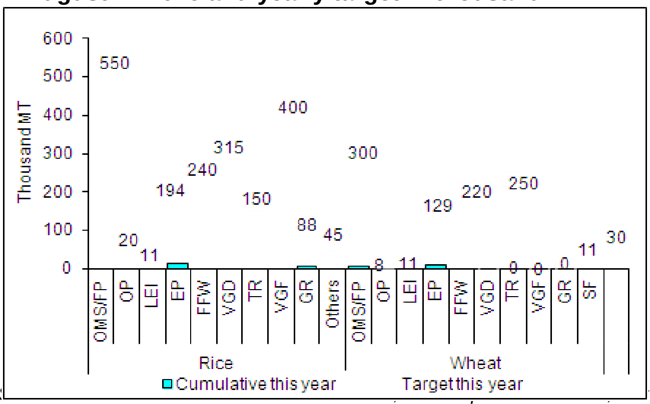
Table: 8: LC situation, as of 31st July/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
21-31 July/16 (provisional)	1	441	1	221
Cumulative month, July/16	2	504	2	309
Cumulative year (starting 1st July/16)	2	504	2	309

Source: Bangladesh Bank

6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of August 4th 2016 and yearly target in thousand MT

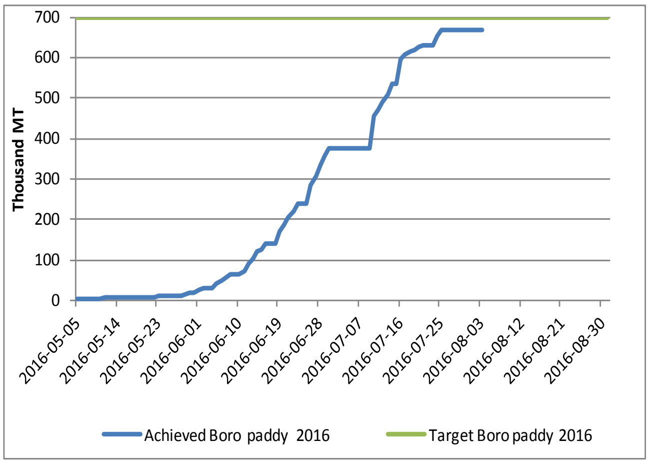


Other Priorities; LEI: Large Employers; EP: Essential; Priorities; FFW: Food for Work; VGD: Vulnerable Group Development; TR: Test Relief; VGF: Vulnerable Group Feeding; GR: Gratuitous Relief; SF: School Feeding

PUBLIC FOOD DISTRIBUTION

- The total provisional distribution planned for 2016/17 is at 2.97 million MT. The actual distribution was about 2.064 million MT in 2015/16.
- Over this fortnight ending August 4th, 29.0 thousand MT food grains were distributed mainly through EP (16.3 thousand MT), GR (5.9 thousand MT), OMS (4.7 thousand MT) and LEI (1.4 thousand MT). As of this date, a total of about 42.8 thousand MT has been distributed through the PFDS, which is about 1.44% of the yearly target.
- The OMS drive is continuing in small scale; rice in Dhaka and Chittagong Metro areas and *atta* all over the country.

Figure: 8. *Boro* Paddy procurement 2016



PUBLIC STOCKS

- As of August 4th, the public food grain stock stood at 885.53 thousand MT, 578.81 thousand MT for rice and 306.72 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- The government started procurement of 0.2 million MT of wheat at 28 Tk/kg from the domestic market to provide price incentive to the farmers. The drive began on April 10th 2016 and closed on July 20th 2016. The target almost achieved. *Boro* procurement started from 5 May and will continue up to 31 August 2016. Procurement target has been set at 0.70 mmt of paddy and 0.60 mmt of rice at the rate for Tk 23/kg of paddy and 32 Tk/kg for per boiled rice.
- As on August 4st, about 669.58 thousand MT of *Boro* paddy and about 1.53 thousand MT per boiled rice were procured.